

EXHIBIT 1

INTRODUCTION

Respondent Cindy Montanez is a member of the San Fernando City Council, having been a successful candidate in the March 2, 1999 Municipal Election. Respondent Cindy Montanez for City Council '99 is the controlled committee of Respondent Cindy Montanez. Respondent, Steven Veres is the committee treasurer. Government Code Section 84200, subdivision (a), of the Political Reform Act ("Act")¹ requires officeholders and their controlled committees to file two semi-annual campaign statements each year. In this matter, Respondents failed to timely file two semi-annual campaign statements disclosing contributions received and expenditures made during Respondent Montanez's first year in office.

Section 87203 of the Act requires city council members to file a statement of economic interests on April 1st of each year (or the next business day after April 1st, if April 1st falls on a Saturday, Sunday or official holiday). In this matter, Respondent Montanez failed to timely file her 1999 annual statement of economic interests by the April 3, 2000 due date.

For purposes of this Stipulation, Respondents' violations are as follows:

- COUNT 1: Cindy Montanez, Cindy Montanez for City Council '99, and Steven Veres failed to timely file a semi-annual campaign statement, for the reporting period July 1 to December 31, 1999, by the January 31, 2000 due date, in violation of Section 84200, subdivision (a).
- COUNT 2: Cindy Montanez, Cindy Montanez for City Council '99, and Steven Veres failed to timely file a semi-annual campaign statement, for the reporting period January 1 to June 30, 2000, by the July 31, 2000 due date, in violation of Section 84200, subdivision (a).
- COUNT 3: As a member of the San Fernando City Council, Cindy Montanez failed to timely file a 1999 annual statement of economic interests, by the April 3, 2000 due date, in violation of Section 87203.

SUMMARY OF THE LAW

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

Duty to File Semi-annual Campaign Statements

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to assure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed, and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign-reporting scheme.

Section 84200, subdivision (a) requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5, 91006.)

Duty to File Statements of Economic Interests

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to assure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87203 requires every individual who holds an office listed in Section 87200 to annually file, at a time specified in the Commission's regulations, a statement of economic interests disclosing his or her reportable investments, interests in real property and income. "Members of city councils" is one of the offices listed in Section 87200. Under Regulation 18723, subdivision (b)(2), the due date for a city council member to file an annual statement of economic interests is April 1st of each year (or the next business day after April 1st, if April 1st falls on a Saturday, Sunday or official holiday). The statement must include all of the city council member's reportable economic interests during the preceding calendar year. (Regulation 18722, subd.(b).)

SUMMARY OF THE FACTS

COUNTS 1-2

Failure to Timely File Two Semi-annual Campaign Statements

Respondent, Cindy Montanez, is a member of the San Fernando City Council, having been a successful candidate in the March 2, 1999 Municipal Election. Respondent, Cindy Montanez for City Council '99, is her controlled committee. Respondent, Steven Veres, is the committee treasurer. Respondents had a duty to file a semi-annual campaign statement by January 31, 2000, disclosing

contributions received and expenditures made during the reporting period July 1 to December 31, 1999. Respondents also had a duty to file a semi-annual campaign statement by July 31, 2000, disclosing contributions received and expenditures made during the reporting period January 1 to June 30, 2000.

On January 10, 2000, San Fernando City Clerk, Wilma Miller, sent a memorandum to Respondents reminding them to file a semi-annual campaign statement, for the reporting period June 1 to December 31, 1999, by January 31, 2000. In spite of this reminder, Respondents failed to file the statement by the filing due date. Ms. Miller therefore sent a second notice to Respondents on March 17, 2001, advising them that the semi-annual statement became past due.

On July 21, 2000, Ms. Miller sent a memorandum to Respondents reminding them to file a semi-annual campaign statement, for the reporting period January 1 to June 30, 2000, by July 31, 2000. In spite of this reminder, Respondents failed to file the statement by the filing due date. Ms. Miller therefore sent a second notice to Respondents on August 16, 2000. When Respondents did not respond to this second notice, Ms. Miller referred the matter of Respondents' failure to file two semi-annual campaign statements to the Enforcement Division of the Fair Political Practices Commission.

On December 15, 2000, Political Reform Consultant, Linda Moureaux, spoke with Respondent Montanez by telephone and reminded her to file the two semi-annual campaign statements. On January 25, 2001, Respondents filed the two delinquent campaign statements.

COUNT 3

Failure to Timely File a Statement of Economic Interests

As a member of the San Fernando City Council, Respondent Cindy Montanez was required to file a statement of economic interests ("SEI") by April 3, 2000, disclosing her economic interests during the calendar year 1999.

On January 28, 2000, San Fernando City Clerk, Wilma Miller, sent a memorandum to Respondent reminding her to file a 1999 annual SEI by April 3, 2000. In spite of this reminder, Respondent did not file the SEI by the filing due date. Ms. Miller therefore sent a second notice to Respondent on May 25, 2000, informing her that her 1999 annual SEI became past due. When Respondent Montanez did not respond to Ms. Miller's second notice, the matter was referred to the Technical Assistance Division of the Fair Political Practices Commission.

On June 28, 2000, Staff Services Analyst Bonita Kwong of the Technical Assistance Division, sent a notice to Respondent informing her that her 1999 annual SEI was past due. On July 31, 2000, Ms. Kwong sent a second notice to Respondent. When Respondent did not respond to the second notice, the Technical Assistance Division referred the matter to the Enforcement Division. On September 1, 2000, Senior Commission Counsel Mark Soble spoke with Respondent on the telephone, and advised her to file her 1999 annual SEI. Respondent filed her 1999 annual SEI on September 13, 2000, five months after the filing due date.

CONCLUSION

This matter consists of three counts, which carry a maximum possible administrative penalty of Six Thousand Dollars (\$6,000.00).

Regarding Counts One and Two, the typical administrative penalty for failing to timely file a semi-annual campaign statement ranges from Five Hundred Dollars to One Thousand Five Hundred Dollars (\$500 to \$1,500) per count. In this case, as it took five contacts by the City of San Fernando and the Commission to induce Respondents to file two semi-annual campaign statements, a penalty in the middle of that range is appropriate. Accordingly, an administrative penalty for Respondents, Cindy Montanez, Cindy Montanez for City Council '99, and Steven Veres, in the amount of Two Thousand Dollars (\$2,000) is justified for Counts One and Two.

Regarding Count Three, under the SEI Expedited Procedures adopted by the Commission in July 1999, the approved administrative penalty for an individual who promptly files a late SEI after being contacted by an Enforcement Division attorney is between Four Hundred and Six Hundred Dollars (\$400 and \$600). As Respondent's failure to file her 1999 annual SEI is part of a broader pattern of failing to comply with the Act's filing requirements, as alleged in Counts One and Two, a penalty at the end of that range is appropriate. Accordingly, an administrative penalty for Respondent, Cindy Montanez, in the amount of Six Hundred Dollars (\$600) is justified for Count Three.